

\$265 billion in costs associated with preparing their taxes. That would be a real tax reduction. And do you know what. It would not cost the Treasury one darn dime. It would be a tax cut that would guarantee that people are paying their fair share and would bring more money into the Federal Treasury.

According to the Tax Foundation, we lose about 22 cents of every dollar of income tax collected in compliance costs. It adds up to the combined budgets of the Departments of Education, Homeland Security, Justice, Treasury, Labor, Transportation, Veterans Affairs, Health and Human Services, and NASA.

In a recent conversation with Rob Portman, a longtime friend of mine, who is our new OMB Director, I communicated my call for Tax Code reform. I said if the President wanted to leave a real lasting legacy, a real lasting legacy to the American people, something he could point back to and be very proud of, he would keep his promise to the American people to undertake tax reform.

If we keep going the way we are, his legacy may be a big tax increase in 2009 or 2010 or 2011, one like his father was forced to make in 1991. I believe—and I have the greatest respect for the President and his father—his father was a profile in courage. He bit the bullet and did what was right for the country and, in the process, probably lost an election.

If we are going to provide the American people a clear picture of the shape of our fiscal house, we should be honest about the long-term problems underneath the facade of our fiscal house. Currently, we are distorting our Federal financial statements by borrowing from hundreds of Federal trust funds. In addition to the \$1.6 trillion we have borrowed from the Social Security trust fund, we have borrowed over \$660 billion from the Civil Service Retirement and Disability Fund, \$177 billion from the military retirement fund, and smaller amounts from almost 130 Federal trust funds. In all, we have borrowed almost \$3.3 trillion of funds intended for other purposes. All of this has added to our \$8.4 trillion national debt.

I believe we should keep the shrinking Social Security surplus separate. It is important to set these funds so that the Federal Government will have real assets that can be used to redeem existing special issue Treasury bills when Social Security stops generating surpluses in 2017. When we were looking at Social Security reform, it occurred to some of us that it would be useless to reform the program if the surplus money still went to general revenues. If we shore up the system without keeping the funding for it separate, the benefit of Social Security reform could simply be spent on other related programs. In other words, if we bite the bullet, reform Social Security, take in more money and don't put it aside so we can't touch it, we will just use it.

We will be back where we were before. So we have to figure out, if we are going to do this, how we put the money aside.

One of the things I have worked on—and I have introduced a bill with Senator CONRAD—is that we would stop the raid on Government trust funds. It not only holds revenues designated for Social Security programs separate from general revenues, it also would make Federal financing more transparent. People would know what the public debt is. In other words, we would fundamentally borrow from the public the money that we have been taking from the trust funds, and we would know that the money in the trust funds would be there because it would not be in Federal investments.

At this time we need reliable financial and performance information to make sound policy decisions. If we were in business, we would be in subchapter 11, absolutely. We need to bring transparency to our budget so that all the American people have a better understanding of the hard choices we have to make.

Typically the American people have not tolerated a tax level of any more than 20 percent of GDP. We reached that level of almost 21 percent when the tax cuts we enacted made revenues decrease quickly. The real danger is the divide between our revenue and spending once the baby boomers start to retire. This dotted line is going to rise to levels not given on this chart. In other words, this dotted line is going to go way up in terms of dealing with our outlays. The revenues, as you can see, they were up pretty high. This is 1980. They went up. Then we got over here when we were flush, and they went up to here. Now the revenues are down here and then coming here. This line of spending is going to go right off the chart, as I mentioned before, because of Medicare, Medicaid, and Social Security.

The American people should understand what this is about. We are really in trouble. The question is, if we don't have enough revenue to pay our current bills, how in the world are we going to prepare to cover much larger future promises? How are we going to take care of this? In the big picture of where the United States stands, it is clear to me that the economic framework of our Nation needs to be refurbished. There are certain investments and responsibilities that this Senator believes we can no longer ignore and must address.

We should be rebuilding an infrastructure of competitiveness so that future generations at least have the same opportunity that we had for the standard of living and quality of life we have. We need to build what I referred to earlier. We are in a competitive global marketplace. What we have to understand is, if we don't build the infrastructure of competitiveness to compete in that marketplace, our children's standard of living is going to be less than what ours is today.

One of the things I also think we need to understand is the fact that our infrastructure has been ignored for too long. It is a critical piece to making America more competitive. I have introduced the National Infrastructure Improvement Act with Senators CLINTON and COCHRAN. The bill establishes the National Commission on the Infrastructure of the United States which would study infrastructure throughout the Nation, including surface transportation facilities such as roads, bridges, mass transit facilities, freight and passenger rail, airports, wastewater collection, and treatment facilities, waterways and levees. I was a cosponsor of the highway bill, but I thought the legislation was modest given the need.

Frankly, it falls far short of the level that would improve or even maintain our Nation's highway system. According to the Federal Highway Administration, \$107 billion is needed annually to maintain and improve our highways and bridges. The enacted highway bill provides \$70.4 billion below what is needed to improve and \$38.8 billion below what is needed to maintain our highway system. We also desperately need to provide increased funding for the Army Corps of Engineers, including funding for levees and funding for additional civil engineers. This Nation has an aging national water resources infrastructure. We saw it with Katrina. If we continue to ignore the upkeep, the deterioration of our locks and dams, flood control projects and navigation channels, we risk destruction of waterborne commerce, decreased protection against floods, as we saw in Katrina, and other environmental damage.

I have been concerned about the backlog of unfunded Corps projects since I was chairman of the Subcommittee on Transportation and Infrastructure in 1999. When I arrived in the Senate in 1999, I was chairman of that committee. The backlog of unfunded Corps projects for operation and maintenance was \$250 million. Today the backlog is \$1.2 billion. In 2001, there was \$38 billion in active water resource projects waiting for Federal funding. Today it is \$41 billion in active construction and general projects that need Federal funding. This budget is only going to increase this backlog. Our budget proposes a 33-percent cut in the Corps construction budget. Can you imagine? After Katrina and what we saw in New Orleans in terms of not spending the money to maintain the levees and build them the right way, we are cutting the construction budget 33 percent, and a 42-percent cut in the Corps investigations budget.

Currently, the Corps is able to function only at 50 percent capacity at the rate of funding proposed by the budget. Can you believe this? It is incredible. We also cannot remain competitive without a workforce full of educated and motivated young Americans.

As a Nation, we have to invest in our children and enable them to fully develop their God-given talents in order